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ABSTRACT

This review of the performance appraisal process discusses the major assumptions on which performance appraisal is based, the general goals of performance appraisal, and the characteristics of effective performance appraisal programs. The author stresses the dependence of the process on the assumption that human behavior can be changed; he emphasizes that the focus of the process must be on employee behavior rather than personality and that the importance of open, two-way communication between employer and employee cannot be overlooked. The report presents guidelines to assist managers conducting appraisal interviews, lists activities and behaviors that contribute positively or negatively to performance appraisal efforts, and offers a five-step program for conducting the appraisal process. (PGD)

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PERFORMANCE APPRAISAL IS BASED ON FIVE MAJOR ASSUMPTIONS

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PERFORMANCE APPRAISAL IS BASED ON FIVE MAJOR ASSUMPTIONS:

1. People are an organization's most important resource.
2. Staff are capable of growth toward more effective behavior and toward making a more significant contribution to their organization.
3. Performance appraisal and people development are crucial and central to the whole management process, i.e., to the process of getting things done through people.
4. The activities of managers and supervisors can either stimulate or obstruct the growth and achievement of their staff.
5. Skills in appraising people and in developing their capabilities can be learned. These are not inherited capabilities, but are acquired through experience, training and learning. Performance appraisals are therefore not an "Art", but are a "Science" - a body of knowledge and skills which can be acquired and demonstrated.

SOME GENERAL INFORMATION ON PERFORMANCE APPRAISALS

Pessimists usually say "you can't teach an old dog new tricks". Optimists, on the other hand, say "you are never too old to learn". The second statement is based on the premise that a human being is a "process", not a product. This means that human beings are capable of growth, development, innovation, modification, learning and change for as long as they are alive. Without this basic premise the concept of performance appraisal would be meaningless since it would be impossible to change a human being's skills, personality, or basic values and interests. In point of fact, human beings can alter their attitudes, their basic behaviors, their skills, and a variety of personality traits if they are aware of these conditions and are determined to do something constructive about them.

All behavior is "meaningful". This means that everything that staff do in an organization is designed to try to satisfy some basic psychological needs. Nothing happens in a company simply by accident or chance. Everything that someone does is designed to accomplish something. There is a purpose or meaning to everything that employees do within their organization.

For the effective employee, the way he chooses to satisfy his psychological needs are socially acceptable, and lead to productive goal directed behavior which is congruent with the objectives of his organization. The ineffective person, however, chooses to satisfy his needs in an unproductive and often self-defeating way, which runs counter to the philosophy and objectives of the organization in which he is an employee. Anyone, however, can learn more effective ways of satisfying and meeting their needs, and managers have an obligation to assist their staff in achieving job satisfaction since they are accountable for their staff's performance. The focus in performance appraisal must be on behavior, and not on personality traits and characteristics. The only thing that makes an organization more productive and successful is their staff's behavior, not their personality or their good intentions.

Abraham Maslow, Frederick Hertzberg, and Alfred Adler all have concluded that human beings are motivated by a desire to do a good job and by their wish to be involved in meaningful activities. The process of developing people, however, is often unpredictable and frustrating as well as fulfilling. The Manager can't direct or order people to change, but he can create the conditions that make behavior change possible and he can encourage and motivate the employee to wish to change along more socially and organizationally productive paths. Managers should encourage their staff to set personally meaningful goals while, at the same time, ensuring that the employee's goal achievement contributes to the achievement of the company's objectives and priorities.

In this process of developing people, the leader or manager must model the behaviors he wishes his staff to emulate and follow. This means that in order for staff to listen to him, he must first listen to their aspirations. In order for staff to come on time and to achieve targets, the manager himself must come on time and achieve targets that he has set, etc. That is, the manager must give away what he hopes to receive. Being open, flexible, organized and involved encourages his employees to act the same way. Participation and total involvement must be built into the whole performance appraisal procedure. Goal setting must therefore be a mutual process of dialogue and understanding - not one person laying it upon another.

Mutuality must run through the whole performance evaluation process along the following lines:
The manager and the employee, separately and independently, assess the staff member's performance prior to their meeting together. When they do meet together their discussion becomes a genuine exchange because both individuals have done their homework. Areas of misunderstanding and agreement will be aired and agreement which will flow from the exchange of information back and forth between them. It also lays the ground work for setting objectives for the employee's future growth and their discussion ensures commitment by both parties. The subordinate, however, is not entirely free to set any personal objectives he chooses. These objectives must somehow coordinate and be linked with the objectives and priorities of the organization. It is the manager's responsibility to see that this linkage takes place and to point out any discrepancies where they exist. In other words, individual participation, self-determination, any autonomy have to be limited by the needs of the organization. Some degree of conformity to corporate objectives must therefore be built into every performance appraisal process. It is, therefore, not simply a question of the individual employee only doing his own thing and hoping that the company will subscribe to his individual aspirations.

PERFORMANCE APPRAISAL SERVES THREE BASIC PURPOSES

1. To provide information upon which future salary and promotional decisions may be based.
2. To provide information for manpower planning activities, replacement of staff, skill and experience inventories, lists of high potential managers, etc.
3. To provide feedback to the individual employee which serves as a base from which development of activities and career aspirations can be initiated.

The focus of the appraisal should be on how the individual staff member behaves and acts. It should not be concerned with the kind of person the employee is, or the personality he seems to possess. Built into this performance appraisal is a mixture of qualities and emotions which influence the employer/employee relationship - hate, love, affection, respect, pity, guilt, etc. The performance appraisal provides a formal record for this very important relationship and must stress the relevance of behaviors and not the personality traits of the two people involved. In conducting the employee's appraisal, the motive behind it, and the general attitude with which it is done are actually much more important than a particular trick, technique, or skill the manager uses in the performance appraisal process. That is, if the manager has a genuine desire to understand, evaluate and develop this employee, he will usually find an effective method of getting the job done in a mutually satisfactory way. This emphasis on behavior, rather than personality, is reflected by some of these examples:

1. When you say that an employee is "energetic", you need to provide an example to demonstrate his energy level, such as "Jack, you never seem to slow down - you've really pitched in and cooperated even after you were pretty tired, and I really appreciate that kind of dedication and energy that you have invested in the job".

2. Instead of just saying the employee has "integrity", you might also say "George, your word seems to be your bond. You do what you say you'll do, and I appreciate that you follow through and are reliable".

3. Instead of just stating that somebody is "stubborn", you might offer "Frank, when people disagree with you, you don't seem to listen. You just argue more loudly and never hear the recommendation they are trying to offer you".

By this method of focussing on behavior, the manager provides a structure or a tool by which the employee can alter his actions, thereby producing the by-product of having an impact on his basic personality. This means that performance appraisals should only be based along observable criteria. Preferably these observable criteria should be measurable using the yardsticks of frequency, duration and intensity.

The manager in the performance appraisal process is really functioning as a "change agent". He is trying to develop his staff to a) continue and maintain those behaviors which are consistent with the organization's goals; b) to start and initiate behaviors which the individual employee has not up to now undertaken; c) to stop or terminate those behaviors which have been getting in the way and are causing problems in the organization.

That is, managers in the performance appraisal process are trying to get the employee to continue to do, to start doing, and to stop doing, behaviors which are congruent with the organization's objectives. Individuals in every organization are always being evaluated and appraised. Impressions about a person always exist. Judgements are constantly being made about the staff in an organization. The performance appraisal provides a formal structure to bring out these impressions and judgements so they can be discussed in a meaningful and problem solving manner.

The following guidelines are offered to assist the manager in conducting an effective appraisal interview with his employee:

1. Review the appraisal you have created with somebody else first, usually your own immediate boss, before you discuss it with your employee. This provides some degree of objectivity and enables you to receive counsel and advice about issues or activities that you may have misinterpreted.

2. Base the evaluation on your own experience. Eliminate hearsay evidence or rumors.

3. Have no surprises. Don't save up incidents from months ago and then dump or spring them on your employee. This means that at the beginning of the year you communicate your expectations and standards that will be used for the appraisal at the end of the year and that you stay in regular touch and contact with each other about performance achievements throughout the course of the year.

4. Base your discussion with your employee on independent appraisals. This means that the manager and the subordinate should independently appraise the employee's performance before they meet for their mutual discussion.

5. Set mutually agreed upon objectives starting with what the employee wants to achieve and then supplement and complement this with what the manager believes needs to be achieved.

6. Formulate any objectives that you or the employee recommend into behavioral terminology rather than vague abstractions or personality trait descriptions.

A) Positive Activities and Behaviors which Contribute to a Successful Performance Appraisal:

1. Defining the time, the place and the details to be covered in the performance appraisal.
2. Being well prepared.
3. Ensuring that a performance appraisal does not become a salary review.
4. Allowing no interruptions.
5. Encouraging the employee to contribute and offer his opinions and ideas throught the whole discussion.
6. Reviewing past performance reports.
7. Assuring the employee of the confidential nature of the appraisal.
8. Facing up to and confronting the problem areas that need to be resolved.
9. Agreeing upon a plan of action.
10. Following up on decisions that were arrived at.
11. Using objective performance standards and goals.
12. Controlling the interview to prevent distractions.
13. Getting input from other departments or people who use the services of your employee.
14. Setting specific time frames that have been negotiated with the employee.
15. Keeping the interview on a professional level.
16. Being honest and objective.
17. Judging the person on results, achievements and specific behaviors, not on value systems, personality traits, etc.
18. Discussing the employee's future aspirations and career objectives for the next period of time.

19. Documenting the performance review, providing a copy for the employee as well as for yourself and the company records.

B) Negative Actions and Behaviors which will Disrupt a Performance Appraisal:

1. Being unprepared for the interview.
2. Being too ambiguous.
3. Not letting the employee know in advance that the appraisal interview is going to take place.
4. Encouraging and accepting interruptions while you are conducting the appraisal.
5. Being argumentative.
6. Being either too passive or aggressive.
7. Being negative toward the employee.
8. Losing control of the interview.
9. Talking about salary.
10. Refusing to negotiate.
11. Refusing to listen to the employee's views.
12. Not setting time frames with specific target dates.
13. Trying to change and modify personality rather than behavior.
14. Not writing up and documenting what was agreed upon.
15. Not agreeing upon a plan of action.
16. Being cold, and indifferent and impersonal.
17. Giving no direction or guidance for the career development of the employee.
18. Not reviewing the employee's job and past performance with other managers who have used his services since the last evaluation.

19. Not bringing problems out into the open.

20. Using threatening gestures, conversation and innuendo.

21. Holding the interview at a public coffee shop or nonprivate area.

22. Doing all the talking.

23. Mumbling so the person is not clear what it is exactly you are saying.

24. Ending the interview without reaching conclusions.

25. Blaming the Personnel Department for having to do this appraisal.

26. Not allowing sufficient time so that you have to rush through the interview.

27. Passing negative responsibility up the line.

28. Not setting a date for the next interview or action that needs to be taken.

29. Failing to explain the purpose of the appraisal.

30. Having a third party present.

A performance appraisal is basically a shared form of dialogue and communication. It requires sound planning and is designed to develop employee responsibility for defining and reaching corporate and individual goals. It reflects the organization's management philosophy and style of operating and is a way to build in meaningful rewards into the work place. It helps provide a sense of recognition, accomplishment, respect, and encouragement to motivate the employee to achieve even better results than he did in the previous period of time. It is also a method for identifying employees who may be eligible for advancement as well as clarifying training needs and skill deficiencies.

Performance appraisals help establish realistic goals for the organization and the individual. They help the staff member develop a better appreciation for his job and enable the supervisor or manager to be more objective and realistic about the employee's responsibilities. The appraisal provides a new manager with a starting point with employees who have been there long before he arrived. Performance appraisal programs promote an ongoing dialogue and review and help to eradicate non-productive misunderstandings. They identify opportunities for personal growth and help uncover suggestions and recommendations for innovation and improvement within the department. The appraisal interview formalizes the process of letting a manager know when specific objectives have been achieved in his department and it encourages the employee and supervisor to concentrate on achieving results rather than simply recording activities that are involved in attaining these results.

The disadvantage of conducting a performance appraisal is that it takes time. It demands a thorough review of the employee's activities and a documentation of his achievements. It may even require the manager to change some of his priorities and it may be a threat to the supervisor or employee if both are inexperienced, get caught up in personality squabbles, or believe that the manager is "playing bad" when he evaluates his employee.

Characteristics of a sound Performance Appraisal Program

A) The subordinate knows in advance the criteria and the basis on which he is going to be evaluated.
B) The manager and the employee both agree on what the employee's job really is.
C) The performance appraisal interview is an integral part of the supervisor/employee relationship and is designed to strengthen and intensify their relationship. This

does not mean that the counsellor plays the role of an all powerful judge but reather that he conduct himself like a coach and a counsellor to his employee.

D) The performance appraisal program helps both the supervisor and the staff member set targets that are both challenging and attainable.

E) The interview provides a forum for spotting training needs and enables the manager to see where his employee requires specific assistance.

F) If the employee has ambitions beyond his current position, the performance appraisal will enable him to discover answers to these questions: i) "What additional things must I be able to do to compete for the position above my own?" ii) "Am I able to do these things well enough without any special increase in training or skills?" iii) "What must I do to learn the other parts of this new job that I am not now able to do?"

G) The performance appraisal system provides the manager with an opportunity to assess both organizational and individual employee problems. He can create specific ways to solve these problems, translating his recommendations into specific actions that he and the employee need to undertake to carry the plan through to a successful result.

How the manager conducts the performance appraisal process in his department is an index of his managerial skills, and so the performance appraisal program he provides can actually be used as a way of assessing the attitudes and competence of the manager himself, for this is one of the key ingredients in achieving employee and departmental effectiveness. Thus how the supervisor evaluates and coaches his staff provides his boss with a method of assessing the evaluator.

A Five Step Program for Conducting a Performance Appraisal Program

I) The employee discusses his job description with his manager and they both agree on the content of the job and the relative importance and priority of the major duties - the things he is paid to do and is accountable for.

II) The staff member establishes performance targets and objectives for each of his major responsibilities for the upcoming period of time.

III) The employee then meets with his supervisor to discuss the program he has outlined and the objectives he has established. Negotiation and give and take discussion play an essential part in this dialogue.

IV) Check points are established for the evaluation of the employee's progress and methods for measuring the progress are created and agreed upon.

V) The supervisor and the employee meet at the end of the designated period to discuss the results that have been achieved. Any discrepancies in the performance that was achieved and the reasons behind the variance are thoroughly analyzed to serve as the basis for helping to plan for the next period of time.

"Management is, in the end, the most creative of all the arts, for its medium is human talent itself".

Robert McNamara
President - World Bank

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